



GOVERNOR ARNOLD SCHWARZENEGGER

March 17, 2009

Via facsimile: (916) 445-5280

The Honorable Steve Poizner  
Commissioner  
California Department of Insurance  
300 Capitol Mall  
Suite 1700  
Sacramento, California 95814

Dear Steve,

The Workers' Compensation Insurance Rating Bureau's (WCIRB) Governing Board will meet tomorrow and appears ready to recommend a 27 percent pure premium rate increase. I am extremely concerned about the impact this will have on businesses in California. Given our current economic environment, it is more important than ever that we protect the 2004 workers' compensation reforms, which reduced rates by more than 65 percent and have saved employers more than \$40 billion.

Recent decisions by the Workers' Compensation Appeals Board, including the *Almaraz/Guzman* case, have contributed significantly to these costs. I am confident that these decisions will not stand through the appellate process, based on their inconsistency with the law. The permanent disability rating schedule is supposed to promote consistency, uniformity and objectivity. The Board's decision runs contrary to that mandate. My administration will support the effort to overturn these decisions and protect the intent of the workers' compensation reforms.

Last fall, you reduced a proposed WCIRB increase from 16 percent to 5 percent, a demonstration of your understanding of this issue. I am asking you to again demonstrate this understanding and reject the proposed increase. The impact of such an increase to business, employees and our state's economy would be overwhelming. I am confident you will not impose such a tremendous financial burden on California businesses at this time.

Sincerely,

A handwritten signature in black ink, appearing to read "Arnold Schwarzenegger".

Arnold Schwarzenegger

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